# The strategic labor allocation proces

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# THE STRATEGIC LABOR ALLOCATION PROCESS: A MODEL OF STRATEGIC HRM

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SOM-theme A: Primary processes within firms

**Abstract**
*In this article the Strategic Labor Allocation Process model (SLAP) is described. The model relates HR-strategies to structure, culture and task technology, to HR-policies like recruitment, appraisal and rewarding, to business strategy and to socio-cultural, economic, institutional and technological developments in the organization's environment. Contrary to some other models of strategic human resource management, high commitment HRM is treated as a variable and not as a necessary condition to high levels of organizational performance. The model can be applied to map out the interdependencies between human resource strategy, business strategy and organizational change.*

## 1 Introduction

Human Resource Management (HRM) is intrinsically linked to the domain of social and organizational change. In many HRM textbooks chapter titles refer to the issue. To mention only a few examples: ‘Bringing about strategic change’ (Holbeche, 2002), ‘Managing change and workplace relations’ (Stone, 1998), Becoming a change agent (Ulrich, 1997), ‘Conflict, change and compromise’ (Leopold, Harris & Watson, 1999), ‘Organisational change and development’ (McKenna & Beech, 2002), ‘Culture, strategy and change’ (Lundy & Cowling, 1997). Where an explicit reference to HRM as an instrument of social and organizational change is lacking, the very domain itself implies change in a wide variety of topics: developing the HRM function, training employees, changing the workforce, management development, aligning employee expectations with strategy, planning jobs and people, and so on.

One can put forward two arguments why the change perspective in HRM is problematical. The first argument regards the *process of change* itself and relates to issue to what degree human behavior is changeable at all. The relevance of this question lies in the fact that theories of organizational change and human resource management implicitly assume that the behavior of people can be engineered to a significant degree. The second argument has to do with the *content of change*: what elements of the organization should be changed, why and in what direction? And if we are able to answer these questions, do we then have choices in our management objectives and why should we choose for one alternative to the other? From an HRM-perspective, such questions can only be answered if we have available a model that maps out the different elements relevant for the management of human resources, their interrelations, determinants and consequences.

This article is not so much on the debate of the human potential to change, but rather on identifying the elements to be changed. It will propose a model of strategic human resource management (SHRM) that describes the domain in a systematic way enabling the formulation of relevant interventions. In section two we will briefly sketch the development from personnel management to HRM and SHRM; the field is described and some major issues are illustrated. In the third section of the article four models well known in the profession are analyzed. Both the sections two and three introduce the Strategic Labor Allocation Process (SLAP) model described in section four. The subject of the final section five is the significance of this SHRM model for mapping out the relevant elements of organizational change.

## 2 Personnel Management, HRM and Strategic HRM

Traditional personnel management originates from the period of Western industrialization when a division between employer and employee – later: manager and worker – arose (Lundy & Cowling, 1996, p. 48). It is criticized because it mainly performed administrative and control functions (Drucker, 1968; Watson, 1977; Legge, 1978; Rowland & Summers, 1981; Lundy & Cowling, 1997), because of its lack of a consistent theoretical basis and of its often piecemeal recipes for organizational intervention (Legge, 1978). In many cases its tools and techniques lack validity and reliability (Lundy & Cowling, 1997).

HRM is a reaction to the one-sided control perspective of traditional personnel management. HRM's core idea is that an organization's human resources are not just another type of variable costs. On the contrary, people are the most important assets with a significant effect on overall performance (Huselid, 1995a). Therefore, a major responsibility of all line managers is to manage human resources. The latter cannot be left to the discretion of a specialized staff department. On the job training and motivation are the major contributions to innovation and adaptation of the organization (Beer & Eisenstat, 1996). Finally, the HRM philosophy implicitly rejects the contradiction between labor and capital: as the organization itself has the highest stake in keeping its workforce committed, there is no function left for unions to defend the workers' interests (Guest, 1995).

HRM has been under attack for its supposedly ideological character. It would be rather a re-formulation of traditional personnel management's ideas in terms of a management perspective, than a description of reality in the world of business (Legge, 1995; Storey, 1989, 1995; Keenoy & Anthony, 1992; Boxall, 1992). This

holds the more for the so-called ‘soft’ version of HRM that aims to achieve a committed workforce because it supposes a positive relation between commitment and performance. In the ‘hard’ approach to HRM the emphasis is not so much on achieving commitment but rather on the rational management of employees.
From a perspective of change it would be a mistake to reject the ‘hard’ approach. There are two related arguments here. First, primary processes may vary to the degree in which human commitment is a conditio sine qua non for a satisfying performance. What to think of processes like ‘Mcdonaldization’ where human discretion is substituted and controlled by Taylor-like specialization combined with modern information technology (Ritzer, 1993)? In such a context a too high commitment could lead to frustrations, alienation and, in the end, sickness absenteeism and labor turnover. Contrary to the trend of ‘Mcdonaldization’, in other sectors of the economy one can see the rise of knowledge workers and new crafts of which the performance requires commitment to the highest degree. Secondly, high commitment management has also disadvantages. The investments in human capital may be high because a relatively long period of socialization in the organization’s culture is required. This may hinder change and flexibility as under such conditions layoffs are costly and most of the time have strong negative effects for the motivation of those who are left behind. Further, the more people have internalized an organizational culture, the more difficult cultural change will be.

A rational management of human resources does not exclude high commitment on beforehand. Instead it requires that in every case a balance between the necessity and the costs of commitment is considered. This is one of the perspectives of the SLAP-model to be presented in section 4.

The borderline between HRM and Strategic HRM (SHRM) is diffuse and not easy to draw. Both concepts emphasize the idea that human resources are paramount for the firm’s performance, both stress the need for innovation. Definitions of SHRM may vary from emphasizing the elements of HR planning (Wright & McMahan, 1992; Lundy, 1994), the management of organizational changes (Hendry & Pettigrew, 1990; 1992) and co-ordination mechanisms of the organization (Watson, 1986), to highlighting HR policies as a tool for business strategy (Beer *et. al.* 1984; Truss & Gratton, 1994; Ulrich, 1997; Dyer & Holders, 1988; Boxall, 1999; Guest, 1987; Lengnick-Hall & Lengnick-Hall, 1990; Schuler, Dowling & De Cieri, 1993). Whatever the similarities and differences in definitions between HRM and SHRM most contributions to the literature stress the relation between business strategy and HR practices as the core of SHRM. So we will reserve the term 'SHRM' for theories and models that explicitly describe a link between HR-policies and business strategy. The business strategy of the organization is one of the core variables in the SLAP-model we will present in section 4.

## 3 Models of (S)HRM

The characteristics of HRM mentioned above can be recognized in the four models which are presented in many a modern textbook and which therefore can more or less be regarded as representative for the profession.

One of the early models is the one by Fombrun, Tichy and Devanna (Fombrun *et. al.*, 1984). It is a fairly simple model that uses five categories of variables: selection, performance, appraisal, rewards and human resource development. Although the authors call their model 'the human resource management cycle' it is rather static. It seems as if human resource management evolves in a social vacuum. There is no reference to a social environment or a business strategy, nor is any attention paid to the characteristics of tasks and functions.

A second well-known model is the 'Harvard model of HRM' by Beer *et. al.* (1984). In this model situational factors (among which strategy, laws and societal values, labor market) together with stakeholders' interests influence HR policies and HR outcomes: high commitment and high individual performance leading to a cost-effective performance of the organization as a whole. In turn, HR outcomes lead also to long-term consequences (individual well-being, organizational effectiveness and societal well-being) that feed back on the situational factors and the stakeholders' interests. No doubt the Harvard model is attractive from an analytical point of view. However, it concentrates on high commitment as a preferred state of the work force and is rather abstract. Further, it does not differentiate between the HR-consequences of different strategies, types of organization, situational factors and the like.

The third model of HRM by Guest (Guest, 1987, 1997) also takes the perspective that HRM can help to achieve better performance. Guest stresses the integration of HR-practices such as selection, training, appraisal, rewards, job design, involvement and status and security. Guests states that his model performs better in 'organic' organizations. This is quite understandable as the model defines performance outcomes in terms of productivity, quality and innovation that are produced by motivation, cooperation, involvement and organizational citizenship. Therewith performance is linked to high commitment HRM only.

Of the four models discussed here the so-called Warwick model by Hendry and Pettigrew (1990) is the one most oriented to processes of change. The authors take the position that the 'outer context of HRM' – i.e. socio-economic, technical, political-legal and competitive influences – affects the 'inner context': culture, structure, politics and leadership, task technology and business outputs. High performance levels of organizations are explained by the degree to which organizations manage to adapt their inner contexts to the outer ones. In the Warwick model the 'business strategy content' (objectives, product-market combinations, strategy and tactics) directly influences the HR-content of HR-flows, work systems, reward systems and employee relations. In turn, strategy formulation is affected by the inner context. However, the model fails to make clear how and in what ways HR-instruments like recruitment, selection, appraisal and rewarding as part of the HR-content contribute to strategy formulation and performance.

Reviewing the four models, four conclusions can be drawn. First, with the exception of the Fombrun, Tichy & Devanna model, all models link HR-processes to business strategy and performance although it is not made clear how these processes exactly function. Secondly, there is no attention paid to business strategy as a variable *dependent* on HR-processes. Only the Warwick model emphasizes the relation between the HRM-content and the business strategy content, but the nature of this link remains obscure. Nevertheless it is the only one with a strategic HRM orientation. Thirdly, two of the models, i.e. Beer's and Guest's, consider high commitment HRM as a prerequisite to high levels of performance; the main mission of HR-instruments is to enhance the commitment required. Fourthly, the Fombrun, Tichy & Devanna model excepted, the nature of the work to be done (work system, job design) is an element in all models. However, similar to other social scientific theories of (S)HRM, the social and technical organization of work itself is considered to be a given. Consequently, HR-policies are aimed to change people by the application of HR-instruments in such a way as to adapt them to the prerequisites of the work organization involved.

## 4 The SLAP-Model

Although some authors (a.o. Delery & Doty, 1996) feel that SHRM originates from practitioners' orientations and that research has focussed too much on empirical evidence instead of theoretical rigor (Guest, 1997), we think that many SHRM models are still formulated at a rather abstract level: they do not always provide the concrete tools needed by HR managers in their confrontations with day-to-day problems. In order to meet these shortcomings, we developed a model that, on the one hand, builds on the body of knowledge in the scientific profession and seeks to promote further research and theory formulation, and, on the other hand, enables the practitioner to derive from it concrete policy measures for the management of human resources.

### Assumptions of the model

The basic assumption underlying the model is that the main task of an HR manager is to engineer a balance or fit between the supply and the demand of labor. That is to say, every production process demands a certain number of specific tasks to be fulfilled by people. These are the quantitative and qualitative dimensions of the demand of labor: the volume and the task characteristics of the work to be done. In order to perform the work tasks demanded, the HR manager needs a number of people with the required skills and capacities. This is the supply side of the labor allocation process: the quantitative and qualitative dimensions of the supply of labor. In order to meet the demands of the tasks to be performed, the HR manager can use people already employed by the organization or (s)he can recruit people from the external labor market. The HR-manager has three strategies to achieve the desired fit between demand and supply: (s)he can engineer the demand side – i.e. changing the tasks characteristics -, (s)he can manipulate the supply side, or (s)he can do both (Strober, 1990; Snell & Dean, 1992).

Under the assumptions that the organization is an open system and that in a modern economy, all sorts of forces continuously affect both the demand and the supply of labor, the probability that equilibrium in the allocation of labor actually will be achieved, must be considered rather low. And if achieved, it is unlikely that it will hold: Equilibrium will be succeeded by unbalance, and so on and so forth. Consequently, modern HR managers are constantly engaged in managing processes of allocating labor and changing the work processes within the organization. This is an important drive for organizational change. As the model is about the strategic dimensions of these processes of allocating labor, we called it the Strategic Labor Allocation Process Model (SLAP).

**External forces and HR strategy**

The external forces affecting the supply and demand sides of the labor allocation process are manifold (Pfeffer & Salancik, 1978). On the one hand, these external contingencies urge to change; on the other hand, external forces determine the degrees of freedom HR-managers have in their attempts to achieve equilibrium in the labor allocation process.

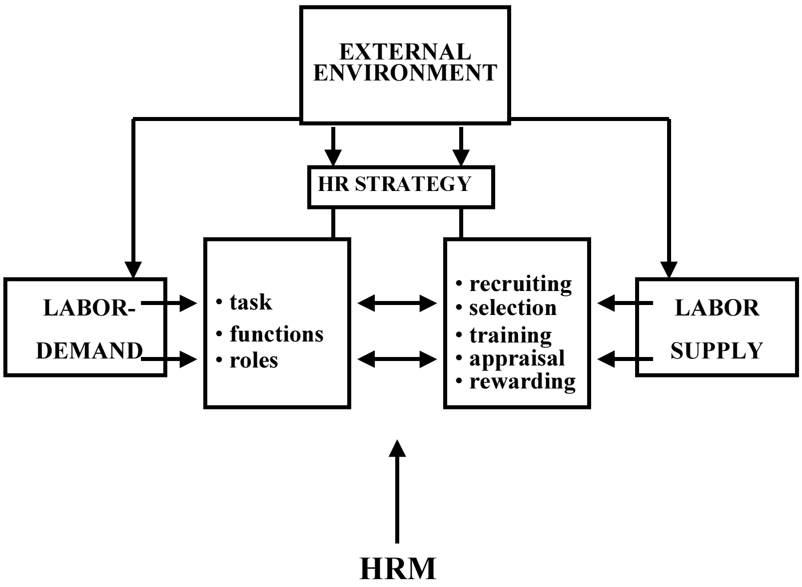
In their state of the art evaluation of SHRM theory, McMahan, Virick & Wright (1999) remark that according to this 'resource dependence' view of the firm, 'managers have to operate within a set of constraints although they can create organizational structures to manage the dependency (of these forces) as best they can' (p. 112). The studies the authors consequently refer to, relate foremost to constraints which are produced by other organizations (Greening & Gray, 1994; Oliver, 1991; Taylor, Beechler & Napier, 1996) and by institutions (Judge & Zeithaml, 1992;

Meyer & Rowan, 1977). However, next to these organizational-institutional forces we can also distinguish economical, socio-cultural and technological variables (Adler, 1992; Bax & De Bruin, 1993; Bax, 1994) which affect the labor allocation process inside the firm.

On the supply side major factors are demographic trends, labor legislation, skill levels as the output of a society's educational system, institutionalized wage levels, the strength and nature of the industrial relation system and, in general, all values and institutions related to labor and the organization of work. On the demand side one could think of such factors as technological developments, economic forces (e.g. the business cycle, the demand for specific products), legislation, socio-cultural tastes, consumer sentiments and the like. All these factors have in common that they can not - or only marginally (e.g. by lobbying) - be manipulated by the individual firm. The latter has to accept this external environment as given and must plan its internal policies in order to adapt to it.

Supply and demand are rather abstract terms originating from the economist's vocabulary. The supply of labor, be it from internal or external sources, is molded into the needs of production by instruments like recruitment, selection, training, appraisal and rewarding. In the design of organizations, the demand side is translated into production organization: structures, culture and production technology. On the lowest level of abstraction, structure and culture are expressed in task, functions and social roles, the latter being the manifestations of the informal organization.

*Figure 1: External Environment, HR-Strategy and the Labor Allocation Process*




Again, it is important to see that according to the basics of the SLAP-model and contrary to more traditional conceptions of personnel management and HRM, the fit between supply and demand is not only to be achieved by manipulating the supply side of the labor allocation process. Recruitment, selection, training, appraisal and rewarding are only one side of the story: if needed HR management should also redesign (parts of) the production process in an attempt to close the gap between supply and demand. Redesigning may vary from integral changes of the production layout (e.g. from traditional assembly line production to team based production; from labor intensive to capital intensive) to minor adaptations in scheduling and task descriptions.

The ideas presented above lead to a first conceptualization of *human resource strategy* as the set of ideas concerning both the direction of redesigning the organization in a broad sense and the application of instruments like recruitment, selection, training, appraisal and rewarding, in order to achieve equilibrium between the supply and demand side of the labor allocation process given the prevailing goals of the organization (e.g. maintaining profit potential and adequate performance) and the actual and anticipated changes in the organization's environment. The latter points to the introduction of the time factor as one of the core elements of the model: one of the emphases in formulating HR-strategies should be on the *anticipation* of expected changes in the external environment of the organization.

**Business strategy and HR strategy**

As stated in section two, most contributions to the literature stress the relation between business strategy and HR-practices as the core of SHRM. Here the argument is that for a business strategy to be successful it needs a congruent HR-strategy that brings about the patterns of employee behavior as a necessary condition for the business strategy to be successful (Huselid, 1995b; Youndt, Snell, Dean & Lepak, 1996; Delery & Doty, 1996; Fisher, 1989; Schuler, 1989; Kamoche, 1994 & 1996; Schuler & Jackson, 1987; Schuler & MacMillan, 1984; Huselid & Becker, 1997; Schneider & Bowen, 1985; Johnson, 1996). By the strategic use of human resources firms could develop 'sustainable competitive advantage' (Barney, 1991; Swierc & Spencer, 1992).

In the SLAP-model this 'resource-based' perspective is specified by means of the concepts of business idea and distinctive competencies as defined by Van der Heijden (1996). In his approach to strategy, value creation in the market is the ultimate aim of the business firm. This does not only hold for firms in the private sector of the economy, but also for non-profit organizations in the public sector. The latter have to compete on a market of clients, voters or political supporters. Van der Heijden states that whether or not the organization will succeed in creating value depends on its business idea and its distinctive competencies. Both determine the extent to which long term profit potential is created.

> '… underlying every successful organisation lies an idea acting as the driving force for success. … this idea is specific to the organisation, and no two organisations can have the same Business Idea.' (Van der Heijden, 1996: 56)

Parts of this business idea are the organizations distinctive competencies which are not easy to copy by competitors in the market and which are institutionalized in the organization. From the HRM perspective relevant examples of distinctive competencies are: company know-how, knowledge of customer values, shared assumptions and values, leadership style and commitment, staff identification and commitment, culture and internal communications (Van der Heijden, 1996: 61-66).
Before we explained why management is not completely free in engineering the equilibrium of the supply and demand sides of the labor allocation process. The degrees of freedom management has, are largely determined by the relevant forces in the external environment. Now we can see that next to these, an issue of utmost importance is also how the prospected outputs of the planned adaptation processes are related to the organization's distinctive competencies, the basis on which every business strategy is built. To give a fictitious example, if a business strategy is based on innovation as a distinctive competence, one should prevent the labor allocation process to lead to characteristics of the workforce which could challenge the latter's potential for innovation. According to the models discussed in section three, in this case management would act wisely to safeguard the commitment of its employees.

One of the criticisms we put forward at the end of section three was that the link between business strategy and HRM in many cases remains obscure. In our SLAP-model distinctive competencies as crucial elements of the organization's business idea can be directly linked to the nature of the labor allocation process and the ways it is shaped. To make this clear we will introduce a distinction between 'type of organization', 'hard' and 'soft' contracts and 'type of business strategy'.

We can distinguish types of organization by putting every organization on a continuum ranging from mechanical to organic. These two terms are derived from the works of the classic French sociologist Émile Durkheim (1893) who distinguished between social entities that can be classified as borrowing their social cohesion from social hierarchy (mechanical solidarity) and those of which social cohesion is the product of (inter) dependencies produced by the division of labor (organic solidarity). Mechanical organizations stand for standardization and hierarchy. Max Weber's bureaucracy is the model of a mechanical organization. Conversely, organic organization means the absence of standardization (Mintzberg, 1983: 35-36) and is characterized by mutual dependencies of the participants, a diffusion of power and commitment to the goals of the organization (Bax , 1991). Of the latter, the professional organization is the most outspoken example.

*Type of organization* is a variable that belongs to the demand side of the labor allocation process. This variable can be matched with *type of contract*, a supply side variable because the latter relates to recruitment, appraisal and rewarding. To make this clear we will refer to Williamson and Ouchi's distinction (1983: 26) between so-called 'hard' and 'soft' contracts:

> 'As with market modes of contracting, there are two general options, which we designate as 'hard' and 'soft' contracting respectively. Under hard contracting, the parties remain relatively autonomous, each is expected to press his or her interests rigorously, and contracting is relatively complete. Soft contracting, by contrast presumes much closer identity of interests between the parties, and formal contracts are much less complete. This is the clan-type management style.'

Hard contracts emphasize transaction costs, apply 'Taylorism' in reward policies and employ people in jobs rather than in careers. These are the jobs one can find in the fast food sector, traditional assembly line production, cleaning services and the like. Soft contracts on the other hand, focus on vision and values of the organization, support a 'clan' culture, are characterized by long-term socialization processes and reward experience and length of service while employing people in careers rather than jobs (Tyson, 1995: 93). Such are the jobs of among others university professors, chemical process operators, ICT-people, craftsmen and employees in the modern service sector (finance). Hard contracts match the characteristics of mechanical organizations; organic organizations rely more on soft contracting.

Table 1 shows the links between business strategy, type of organization and type of contract. Here we use the well-known typology by Miles and Snow (1978) in order to classify business strategies. To the reader classifying business strategies in only four categories may seem a little rough. Refinement would be a welcome object for further research. For the moment, however, this is all there is and it is sufficient for our limited aim of demonstrating the link between business strategy and HRM.

*Table 1: Links Between Business Strategy, Type of Organization and Type of Contract*

| **Business Strategy** | 4.1.1 Type of Organization | **Type of Contract** |
|---|---|---|
| Defender Organization<br>• niche market defended by pricing or quality | Mechanical/Organic | Hard/Soft |
| Prospector Organization<br>• innovation, flexible, decentralized | Organic | Soft |
| Analyzer Organization<br>• risk reduction by imitation, efficiency and stability | Mechanical | Hard |
| Reactor Organization<br>• reactions to short term pressures: no clear strategy | ???? | ???? |

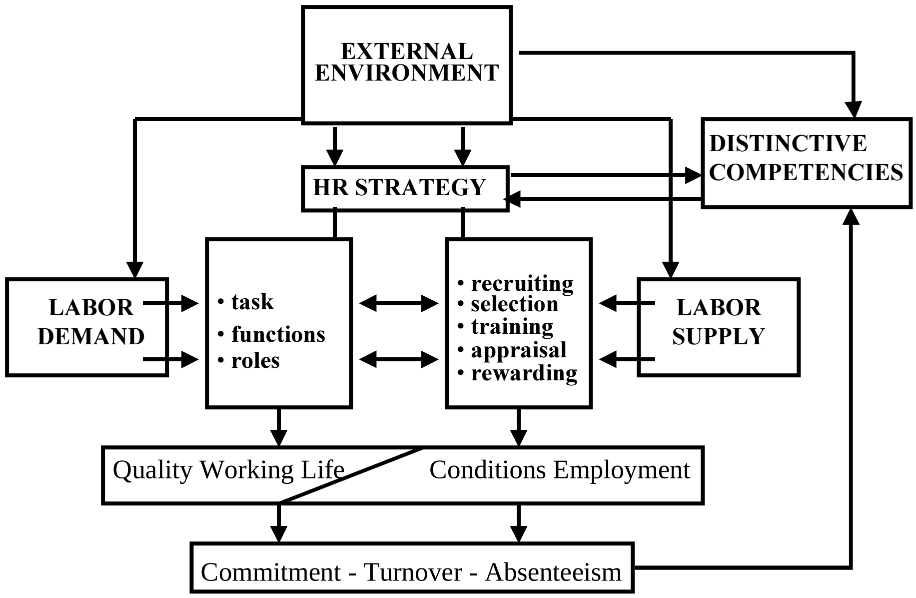
From table 1 it becomes clear that in two cases the links are not self-evident. Defender organization may be more oriented either to pricing or to quality. If they chose for pricing, a more mechanical and hard contract orientation is likely. In the case of quality directed policies we may expect organic organization and soft contracting. The dominant trait of reactor organizations is that they do not have a clear strategy; therefore, for this type of organization we cannot put forward any proposition as to the links with type of contracting.

**Feedback mechanisms**

Concerning the SLAP-model two important remarks are left to be made. First, a business idea and the associated distinctive competencies are no static entities. Changes in the external environment may not only have their effects on the labor allocation process of the organization itself, but may also positively or negatively affect the degree of distinctiveness of its competencies. Thus, the increase of scarcity on the Dutch labor market in the late 1990s had significant consequences for the business strategy of Dutch private sector manpower agencies and therewith led to a change of the latter's HR-strategy, notably to a different attitude towards labor turnover (Glebbeek & Bax, 2002). Likewise, liberalization of Dutch energy markets and the related increase of competition forced the industry to restructure its organizations and to rethink their HR-strategies. As a result their policies shifted away from bureaucracy to more flexible types of organization.

Secondly, we would like to emphasize that the SLAP-model describes also a more indirect feedback relation between the qualitative ways labor is allocated and the strengthening respectively weakening of the organization's distinctive competencies. An essential trait of the SLAP-model is that it has an output in terms of the quality of working life and the conditions of employment. These two variables originate from respectively the shaping of the work process (demand side) and the rewarding process (supply side). In turn, these largely determine workers' commitment, labor turnover, (sickness) absenteeism and the like. Here the SLAP-model builds on the so-called 'bundling hypothesis' (MacDuffie, 1995) which states that 'HR practices affect performance, not individually, but as interrelated elements in an internally consistent HR bundle or system' (McMahan a.o., 1999: 103). Adherents of this hypothesis have studied the relation between HR-practices and such outputs as turnover and productivity (Huselid, 1995a; Delaney & Huselid, 1996; Huselid, Jackson & Schuler, 1997; Ichniowski, Shaw & Prennushi, 1994; Huselid & Becker, 1997).

*Figure 2: The Strategic Labor Allocation Process (SLAP) model*




As said, in the end outputs like turnover, productivity, commitment and the like may have negative or positive effects on the very nature of the organization's relevant distinctive competencies. For example, if an organization follows a business strategy of innovation, it needs an organic structure and a well-trained and committed workforce in order to reach its goals. If for whatever reason such an organization decides to downsize and to introduce hard contracting, we may expect employees' commitment to deteriorate and labor turnover to rise (ceteris paribus). Gradually the nature of the organization will change into a more mechanical direction as management is forced to put more emphasis of external controls because of a decreasing intrinsic motivation of the workers. In the end this process will lead to a corrosion of the organization's related distinctive competencies and, consequently, to an undermining of its innovative power (see figure 2).

## 5 Concluding remarks

In the preceding sections we demonstrated why and how organizational change is crucial in the strategic management of human resources. By means of the SLAP-model we were able to systematically trace the key variables and their interrelations which play a major role in SHRM. Core of this model is the relation between the demand and supply of labor in the organization. The model describes how this continuous process of labor allocation is related to *both* changes in the organization's external environment and to the (re-) formulation of the business strategy. In this perspective the concept of HR-strategy has two dimensions. The first one was referred to as the set of ideas concerning both the direction of redesigning the organization and the application of HR-instruments like recruitment, selection, training, appraisal and rewarding to achieve equilibrium between the supply and demand side of the labor allocation process. Management considers such a policy necessary because it perceives an actual disturbance of equilibrium or anticipates the latter as a result of externally induced changes on demand and/or supply. The second dimension of HR-strategy is complementary to the first one. It can be shortly summarized as the set of ideas about the labor allocation process which are related to the business strategy of the organization, notably its distinctive competencies.

We are convinced that the SLAP-model is in three respects a step ahead compared to the models described in section 3. First, the SLAP-model not only links the relevant concepts but it also makes clear *how* and *why* these concepts are related. As an example, we could explain the relation between the labor allocation process and business strategy in two ways: by introducing the variables 'type of organization' (demand side) and 'type of contract' (supply side), and by relating business strategy as an variable dependent on the independent variables demand and supply via the intervening variables ‘quality of working life’, ‘conditions of employment’ and ‘workers’ attitudes’ like commitment, turnover and absenteeism.

Secondly, the SLAP-model does not exclude the incorporation of new ideas on emergent strategies. The parameters of the labor allocation process – e.g. the impossibility to change the characteristics of the workforce – may provoke a drift to enter new product-market combinations ultimately forcing to a reformulation of business strategy. In such a case business strategy turns into a variable dependent on HR-strategy. Both former remarks draw the attention to another trait of the SLAP-model: it rather builds on the conception of circular causality than on linear causal relationships.

Thirdly, the SLAP-model implicitly rejects the idea that only high commitment promotes high levels of performance. The message of the SLAP-model is that the answer to the question whether or not a particular HR-strategy is a condition to performance, depends on the environmental and business strategy context. We gave as an example the comparison between a Burger King restaurant and a high-class restaurant with three Michelin stars. Thus the HR-strategy of analyzers should be significantly dissimilar to that of prospectors. For the former category the disadvantages of high commitment HRM overshadow the advantages leading to relatively low performance levels.

In the analysis of specific cases the SLAP-model has proved to be a powerful tool in mapping out the elements of HR-related organizational change. It prevents a focus on change too detailed and failing to take account of organization as a system. However, further work has to be done yet. A next step is the formulation and testing of empirical referents that enable the application of the SLAP-model in monitoring ongoing processes of organizational change.

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